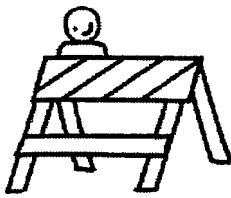


## PERS 457 Program Update Fall 1997/Winter 1998



### FINANCIAL PLANNING SEMINARS CAN ANSWER YOUR QUESTIONS

CalPERS conducts Financial Planning Seminars to help participants better understand and make informed decisions regarding lifelong financial issues and to

help prepare them for a more secure financial future.

#### Seminars Outline Stages Of Financial Planning

Two specialized one-day seminars address the financial planning needs of participants as they move through different stages of their lives. Each one-day seminar provides information specific to the group, based on the participants' numbers of years until retirement. The first seminar, "Achieving Financial Security," is designed for participants who are more than ten years away from retirement. The second seminar, "Retirement and Estate Planning," is designed for participants who are fewer than ten years away from retirement. Both seminars include information on:

- CalPERS benefits
- Tax-deferred plans
- Financial planning
- Insurance planning
- Investment strategies
- Estate planning

#### Personalized Reports Help You Plan Ahead

Personal financial reports are available to program participants to help them assess their current financial situations and plan for their financial futures. CalPERS 457 Plan participants have the opportunity to receive a report that consolidates the CalPERS retirement benefit and the 457 Plan benefit. These reports are based on information provided by the participants. These reports are:

- *Your Personal Retirement Report* — for making savings and investment decisions regarding tax-deferred plans
- *Your Savings and Investment Report* — for evaluating personal spending patterns and descriptions of asset allocation models and investment strategies

- *Your Education Funding Report* — for calculating funding of a child's education and evaluating savings, investment, and tax strategies
- *Your Home Purchase and Mortgage Report* — for addressing the issues involved in financing a home
- *Your Insurance Needs Report* — for establishing how much and what type of life insurance participants need
- *Your Tax Report* — for reviewing the basics of income taxation and common tax savings strategies

In addition to the Personal Financial Reports, attendees can meet with a financial representative from Gateway Investment Services and receive a detailed financial plan at no cost. This plan is a personalized, comprehensive and integrated plan that includes written recommendations and solutions for achieving financial goals.

#### Sign Up Now For Seminars — Space Is Limited

Financial Planning Seminars are conducted at various locations throughout California. All CalPERS participants are eligible to attend the seminars on a first-come, first-serve basis. Spouses may also attend, if attendance is requested at the time of the participant's registration. There is no cost to attend the seminars.

To enroll in one of these seminars, participants should contact their Training Officers to complete the registration form (FSD-21). Those members with Internet access can visit the CalPERS website at <http://www.calpers.ca.gov> for seminar space availability.



### INVESTING FOR RETIREMENT IN THE CURRENT MARKET

Up or down? Now or later? While the stock market has steadily broken through a succession of historic highs, not everyone can agree on what comes next. As the bulls are predicting a continuing expansion through the end of the decade, the bears are discussing doomsday scenarios.

How do you go about making your retirement savings decisions when market predictions vary from sunny to gloomy?

(continued on reverse side)

## Setting A Course For Savings

As a PERS participant, you're already on the right road, according to many industry authorities. First of all, you are making investments over the long term. Financial experts will tell you that's the way to benefit from the overall upward trend of the market. And, through your payroll deductions, you are investing systematically and regularly. Most experts agree that this method helps minimize the effect of short-term market volatility.

*There are additional risk-reducing investment strategies you might like to consider:*

**Diversification.** A diversified portfolio is often described as an effective strategy to minimize risk and maximize the opportunity for reward. A diversified portfolio of stocks, bonds, and money market investments — including investments with different levels of risk and potential for reward, as well as a variety of growth, income, and stability investments — can help you achieve a balance of growth and steady income.

**Time Horizon.** You have probably heard financial experts suggest that younger retirement investors can take a more aggressive approach to investing in stocks to increase their

potential for enhanced returns. The professionals also suggest that as you approach the time when you will want to access your retirement savings, say within ten years, you may wish gradually to move into income and stability investments and away from growth investments. This strategy is intended to cushion a retirement portfolio from short-term market fluctuations. Remember, though, that as we live longer, our retirements also lengthen. Today, we're told, a 65-year-old individual has a life expectancy of between 15 and 25 years — a period well within the range that most authorities consider ideal for smoothing out the effect of stock market fluctuations.

## Building A More Secure Retirement

The PERS 457 Program provides you with the opportunity to invest for your retirement while applying time-honored strategies for managing volatility — contributing systematically over time, diversifying your retirement portfolio, and reviewing your investment strategy in terms of your time horizon. Applying these strategies may help to protect your portfolio not only from the eroding effects of inflation but also from the risk of falling short of your retirement savings goals.



### INVESTMENT GLOSSARY

*Here are some explanations of the special terminology related to investing:*

**Bears.** Individuals who believe the value of a specific market, company, or industry will go down. A bear market is a prolonged period when

stock prices fall, usually by 20 percent or more.

**Bulls.** Individuals who believe the market will go up. A bull market is on a consistent upward trend over a period of time, usually several years. A bull market does not go up in a continuous straight line. There are periodic "corrections" when prices will fall for short periods.

**Consumer Price Index (CPI).** Published by the U.S. Department of Labor. A measurement of the current prices of housing, transportation, food, health care, and other consumer goods and services. Often used to determine the rate of inflation.

**Inflation.** The term inflation is used to describe a rise in the prices of goods and services, as occurs when spending increases relative to the supply of goods on the market. The thumbnail description is "too much money chasing too few goods." Moderate inflation has been considered a common result of economic growth. One measure of inflation is the Consumer Price Index.

**Volatility.** The term volatility refers to a characteristic of an investment or a market to rise or fall sharply in price within a short-term period.



### CALL TOLL-FREE FOR INFORMATION AND TRANSACTION CAPABILITIES

The PERS 457 Program's toll-free automated Customer Service Line (1-800-260-0659) is available 24 hours a day, seven days a week for immediate access to

account information and transactions, including:

- Account balances and investment results
- Investment selections and deferral percents
- Transfers between investment options
- Withdrawal information
- Self-Managed Account information
- CD liquidations and maturing investment elections
- PIN number changes

To speak to a customer service representative, just call the Customer Service Line Monday through Friday during the hours of 9:00 a.m. and 5:00 p.m. Pacific Standard Time. Key in your Social Security number and personal identification number (PIN). Press the star (\*) key when you begin to hear the list of options. You will then be transferred to a customer service representative.

With the PERS 457 Customer Service Line, information and assistance are always a toll-free call away.

*The foregoing newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact their legal, tax, or investment advisers.*